

## Message Text

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ACTION EUR-25

INFO OCT-01 AF-10 EA-11 IO-14 ISO-00 EB-11 TRSE-00 COME-00

ACDA-19 CIAE-00 INR-10 L-03 NSAE-00 NSC-10 RSC-01

SCI-06 SCEM-02 NSF-04 PM-07 SS-20 DRC-01 INT-08 /163 W

----- 017412

R 031628Z DEC 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 6025

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY MOSCOW

AMEMBASSY OTTAWA

AMEMBASSY MADRID

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

AMCONSUL JOHANNESBURG

AEC JOHANNESBURG

AEC GERMNANTOWN

USMISSION EC BRUSSELS

USMISSION IAEA VIENNA

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 14099

FROM AMBASSADOR FOR CASEY

E.O. 11652: GDS

TAGS: TECH, EEC

SUBJECT: ENRICHED URANIUM POLICY

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REF: EC BRUSSELS 6778 (NOTAL)

1. REFTTEL RAISES A NUMBER OF IMPORTANT AND URGENT POLICY QUESTIONS FOR THE U.S., PARTICULARLY IN VIEW OF THE CURRENT OIL CRISIS WHICH UNDOUBTEDLY WILL STIMULATE MOST MAJOR CONSUMERS OF ENERGY TO BEGIN REVIEWING THEIR TOTAL ENERGY REQUIREMENTS AND RELATED SOURCES OF SUPPLY. ACCELERATED NUCLEAR POWER PROGRAMS AND EXPANDED - PERHAPS UNDULY EXPANDED-ENRICHMENT CAPABILITIES MAY BE A CONSEQUENCE. RECOGNIZING THE LIMITATIONS ON OUR KNOWLEDGE HERE OF THE FACTS THAT MUST BE WEIGHED IN FORMULATING A U.S. POLICY ON ENRICHMENT THAT WILL TAKE ACCOUNT OF THE EUROPEAN DECISIONS TO PROCEED WITH BOTH CENTRIFUGE AND DIFFUSION PROCESSES, WE HAVE THE FOLLOWING COMMENTS.

2. EUROPEAN DECISIONS PRESENT US WITH SAME CHOICE WE FACE IN OTHER FIELDS OF ADVANCED TECHNOLOGY, I.E., EXTENT TO WHICH WE SHOULD BE PREPARED TO SHARE OUR ROVEN TECHNOLOGY IN RETURN FOR PERHAPS LESS IMMEDIATE BUT MORE ASSURED LONG-TERM COMMERCIAL BENEFITS, VERSUS HOPE THAT WE CAN INDEFINITELY MAINTAIN OUR TECHNOLOGICAL LEAD WITHOUT COLLABORATION WITH CUSTOMERS AND SOMEHOW AVOID THEIR BECOMING TOMORROW'S COMPETITORS AS A CONSEQUENCE. ON THE ONE HAND OUR CURRENT BALANCE OF PAYMENTS SITUATION REQUIRES US TO EXAMINE CAREFULLY EVERY OPPORTUNITY TO INCREASE EXPORTS IN THE SHORT RUN RECOGNIZING THAT OUR TECHNOLOGY OFTEN HAS PROVEN, PARTICULARLY WITH RESPECT TO THE ADVANCED INDUSTRIAL COUNTRIES OF WESTERN EUROPE AND JAPAN, TO BE A RAPIDLY WASTING ASSET. ON THE OTHER HAND, THE HIGH TECHNOLOGY WE MAY BE IN A POSITION TO EXPORT CAN HAVE A DIRECT EFFECT ON STRATEGIC AND COMMERCIAL RELATIONSHIPS. THE SEARCH FOR A REASONABLE COMPROMISE BETWEEN THESE TWO CONFLICTING CONSIDERATIONS HAS OFTEN ENTAILED MUCH HESITATION AND DELAY WHICH HAS LENT SUPPORT TO THOSE WHO, FOR WHATEVER MOTIVE, SEE THE U.S. AS AN UNRELIABLE SUPPLIER AND THUS SOMETIMES PRODUCES THE RESULT WE SEEK TO AVOID, CONFIDENTIAL

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THE PROMOTION OF COMPETING TECHNOLOGY AND FACILITIES.

3. IN OUR VIEW, AT LEAST WHERE EUROPE IS CONCERNED, WE MUST GIVE CONSIDERABLE WEIGHT TO THE POSSIBILITIES OF SECURING A LONG TERM COMMERCIAL ADVANTAGE, EVEN IF THIS MEANS A SUBSTANTIAL LICENSING OF CURRENT TECHNOLOGY TO IMPORTANT EUROPEAN CUSTOMERS - AND IT MIGHT WELL BE ARGUED THIS WOULD PROVIDE GREATER

INCENTIVE TO INTENSIFY OUR OWN EFFORTS TO MAINTAIN  
A TECHNOLOGY LEAD. IN THIS CONNECTION, WE BELIEVE  
IT WOULD BE HIGHLY USEFUL TO JOIN WITH THE EUROPEANS,  
JAPANESE, CANADIANS AND POSSIBLY OTHERS IN A WORLDWIDE  
SURVEY TO TRY TO ANTICIPATE URANIUM ENRICHMENT  
REQUIREMENTS THROUGH THE 1980'S WITH A VIEW TO  
RATIONALIZING AND PARTICIPATING IN THE CONSTRUCTION  
OF FUTURE DIFFUSION AND CENTRIFUGE FACILITIES. WE  
BELIEVE THAT A CENTRAL PROBLEM IN ORGANIZING SUCH A  
SURVEY WILL BE THE ASSUMPTIONS ON WHICH IT IS BASED,  
PARTICULARLY THE UNIT COSTS FOR MANUFACTURING  
ENRICHED URANIUM, WHICH IN TURN, ESPECIALLY FOR THE  
U.S. AND TRIPARTITE CENTRIFUGE PROCESSES, AS WELL  
AS THE FRENCH DIFFUSION PROCESS, WILL REQUIRE SOME

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INFO OCT-01 AF-10 EA-11 IO-14 ISO-00 EB-11 TRSE-00 COME-00

ACDA-19 CIAE-00 INR-10 L-03 NSAE-00 NSC-10 RSC-01

SCI-06 SCEM-02 NSF-04 PM-07 SS-20 DRC-01 INT-08 /163 W

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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 14099

FAR-REACHING ASSUMPTIONS ABOUT THE COSTS OF ALTERNATE  
FORMS OF ENERGY.

4. FOR TWO REASONS WE BELIEVE U.S. MAY FIND  
COOPERATION WITH THE EUROPEANS, BOTH IN DIFFUSION  
AND IN CENTRIFUGE, WORTH CONSIDERATION. FIRST, SUCH  
COOPERATION COULD HELP TO BALANCE SUPPLY AND DEMAND  
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TO AVOID WHAT MIGHT TURN OUT TO BE A SUBSTANTIAL  
SURPLUS OF ENRICHED FUEL BY EARLY 80'S, IF ALL OF  
CURRENT PLANS ARE REALIZED. SECOND, GIVEN THE  
ENERGY CRUNCH FORESEEABLE BETWEEN NOW AND 1985,  
COOPERATION IN ALL SECTORS OF ENERGY CONSUMPTION AND  
PRODUCTION SHOULD BE BALANCED. THE PROSPECTS OF  
REDUCED UTILIZATION OF OIL, EITHER BECAUSE OF  
POLITICAL CONTROLS BY PRODUCING STATES OR BECAUSE  
INCREASING PRICES WILL INDUCE THEM TO LEAVE THE OIL  
IN THE GROUND, WILL FORCE US TO UNDERTAKE PROGRAMS  
LOOKING TO DEVELOPMENT OF ALTERNATE SOURCES OF  
ENERGY WHICH WILL BE ON A SCALE, FINANCIALLY AND  
TECHNOLOGICALLY, WITHOUT PRECEDENT. THIS WILL APPLY  
ESPECIALLY IN THE NUCLEAR POWER FIELD WHERE  
CAPITALIZATION COSTS ARE EXTREMELY HIGH. THE BASIC AIM  
OF US PARTICIPATION IN ANY COOPERATIVE PROGRAM SHOULD BE  
TO GUARANTEE RELIABLE BUT NOT EXCESSIVE SUPPLIES AT  
REASONABLE PRICES OVER THE LONG TERM.

5. LIKE USEC, WE ARE FULLY PREPARED TO PARTICIPATE IN  
ANY GROUP ESTABLISHED TO OUTLINE A POLICY AT AN  
APPROPRIATE TIME.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
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**Original Handling Restrictions:** n/a  
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**Original Previous Handling Restrictions:** n/a  
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